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R. J. REYNOLDS TOBACCO COMPANY

WINSTON-SALEM, N. C.

STATISTICAL
OTIS & CO
NOT TO BE TAKEN

FINANCIAL STATEMENT

DECEMBER 31, 1921.

Winston-Salem, N. C., March 6, 1922.

To the Stockholders of

R. J. REYNOLDS TOBACCO COMPANY:—

The Financial Report of your Company, at the close of business December 31, 1921, is hereby submitted.

Net Earnings for the year 1921, after deducting all charges and expenses of management, and after making provisions for Interest, Taxes (including maximum Federal Income and Excess Profits Taxes), Allowances, Depreciation, Advertising, etc.	$16,258,322.76
Deduct	
Four quarterly dividends of 1¾% each on Preferred Stock	1,400,000.00
	14,858,322.76
Deduct	
Four quarterly dividends of 2% each on common stocks	4,800,000.00
Balance carried to Undivided Profits	10,058,322.76
Undivided Profits—December 31, 1920	2,064,102.20
Total Undivided Profits—December 31, 1921	$12,122,424.96

NOTE: Federal Income, Excess Profits and War Profits Taxes on earnings for all years up to December 31, 1921, have been paid or set aside in the above statement in maximum amounts and pending tax adjustments should result in a substantial increase in the Undivided Profits Account.

FINANCIAL STATEMENT

DECEMBER 31, 1921.

ASSETS

Current		
Cash	$ 7,202,989.47	
Accounts Receivable (net) for merchandise sold	10,471,696.18	
U. S. Treasury Certificates and Liberty Bonds	6,512,348.09	
Leaf Tobacco, Supplies, Manufactured Product, etc.	63,052,312.63	$ 87,239,346.37
Other Assets		
Real Estate and Buildings, Machinery and Fixtures, etc.	13,603,805,07	
Investments in Non-Competitive Companies, etc.	3,620,710.47	
Other Accounts and Notes Receivable	3,590,296.45	
Good Will, Patents, Trade Marks, etc.	1,357,736.94	
Prepaid Expenses, Insurance, etc.	310,338.07	22,482,887.00
		$109,722,233.37

LIABILITIES

Current		
Gold Notes due 8-1-22	$15,000,000.00	
Less: Amount Retired	13,300,000.00	$1,700,000.00
Accounts Payable	2,800,333.43	
Accrued Interest, Accrued Taxes (including maximum Federal Income and Excess Profits Taxes on 1921 Earnings), and other accrued accounts	7,864,944.09	$12,365,277.52
Reserves		
Depreciation, Obsolescence and Contingencies		5,234,530.89
Capital Account		
Preferred Stock—7% Cumulative	20,000,000.00	
Common Stock	10,000,000.00	
New Class B Common Stock	50,000,000.00	
Undivided Profits (after deduction of dividends payable January 1, 1922)	12,122,424.96	92,122,424.96
		$109,722,233.37

Respectfully,

D. RICH, Treasurer.

WE HEREBY CERTIFY that we have examined the books of account and records of R. J. REYNOLDS TOBACCO COMPANY, Winston-Salem, N. C., at December 31, 1921, and it is our opinion that the above statement shows the true financial condition of the Company at the date stated, and that the accompanying Analysis of Undivided Profits Account is correct. As far as we could ascertain there were no contingent liabilities and we were informed none existed.

ERNST & ERNST,

Certified Public Accountants.